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C O N F I D E N T I A L TEL AVIV 006262

SIPDIS

E.O. 12958: DECL: 12/10/2014

TAGS: PGOV PREL KWBG IS GOI INTERNAL

SUBJECT: SHARON WINS LIKUD GREEN LIGHT TO NEGOTIATE WITH A PORTFOLIO-FOCUSED LABOR PARTY

Classified By: Political Counselor Norman Olsen for reasons 1.4 (b,d).

¶1. (C) The Likud Central Committee's 62 percent majority vote in favor of opening coalition negotiations with Labor, United Torah Judaism (UTJ), and Shas is an important victory in Prime Minister Sharon's long struggle to broaden his minority government, which has dwindled down to 40 Likud MKs.

Embassy sources believe that Sharon will choose to bring Labor and the UTJ into the coalition now, and only later consider inviting Shas, due to Shas' opposition to disengagement. A coalition composed of Likud, Labor (19 MKs) and UTJ (five MKs) would give Sharon a majority coalition of 64 MKs. Once Histadrut Chair Amir Peretz's Am Ehad party is formally part of the Labor Party in January, that party's two seats will be added to the coalition.

¶2. (C) Prime Minister Sharon made the long-anticipated call to Labor Party leader Peres December 10, inviting the 81-year old statesman to the negotiating table. Peres will likely bring the issue of entering coalition negotiations with Likud before his own party's governing bodies December 11 and 12, a move expected to create intra-party battles with what Labor contacts say are unpredictable results. Labor Whip Isaac Herzog told the Ambassador December 9 that Labor could decide on the matter at its December 12 Central Committee meeting, which is being held to vote on a date for party primaries (septel). Herzog estimated that an agreement between Labor and Likud could be wrapped up as early as December 16, although he stressed that battles over ministerial portfolios and economic issues would likely emerge between Labor and Likud during the negotiations. Herzog explained that shortly after a coalition agreement is reached, the Labor Party governing bodies would vote on Labor candidates for eight ministerial portfolios that Herzog expects Sharon to offer Labor as part of the coalition agreement (see septel). Once the portfolios are sorted out between Likud, Labor and UTJ -- the latter having traditionally shied away from accepting Cabinet seats -- Sharon would present a new government before the Knesset for its likely approval.

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